

**CITY OF EL PASO, TEXAS
REQUEST FOR COUNCIL ACTION (RCA)**

DEPARTMENT: Financial Services Department

AGENDA DATE: May 19, 2009 (Introduction)
May 26, 2009 (Public Hearing)

CONTACT PERSON/PHONE: Carmen Arrieta-Candelaria, Chief Financial Officer, 915-541-4293

DISTRICT(S) AFFECTED: All

SUBJECT:

An Ordinance defining specifications for the yearly city audit as prescribed by Article VII, "Public Finance", Section 7.21, "Independent Audit", of the City Charter and repealing Ordinance No. 014486

BACKGROUND / DISCUSSION:

On May 23, 2000, the City approved Ordinance No. 014486, defining specifications for the yearly City audit as prescribed by Article VII, "Public Finance", Section 7.21 of the City Charter. Staff is proposing to update the specifications listed under this ordinance due to changes to auditing standards that have occurred since that date. Staff proposes to repeal the 2000 ordinance in its entirety and replace it with a new ordinance. This issue was addressed at the Fiscal Affairs LRC conducted on April 30, 2008 and was unanimously approved by the committee.

PRIOR COUNCIL ACTION:

May 23, 2008 – Ordinance No. 014486 was adopted.

AMOUNT AND SOURCE OF FUNDING:

N/A

BOARD / COMMISSION ACTION:

N/A

*****REQUIRED AUTHORIZATION*****

LEGAL: (if required) _____ **FINANCE:** (if required) _____
DEPARTMENT HEAD: Carmen Arrieta-Candelaria
(Example: if RCA is initiated by Purchasing, client department should sign also)
Information copy to appropriate Deputy City Manager

APPROVED FOR AGENDA:

CITY MANAGER: _____ **DATE:** _____

ORDINANCE NO. _____
AN ORDINANCE DEFINING SPECIFICATIONS FOR THE YEARLY CITY AUDIT
AS PRESCRIBED BY ARTICLE VII, "PUBLIC FINANCE", SECTION 7.21,
"INDEPENDENT AUDIT", OF THE CITY CHARTER AND
REPEALING ORDINANCE NO. 014486

WHEREAS, the City Charter of the City of El Paso requires an independent audit to be performed after each fiscal year in accordance with specifications defined by an ordinance; and

WHEREAS, on May 23, 2000, the City approved Ordinance No. 014486, defining specifications for the yearly City audit as prescribed by Article VII, "Public Finance", Section 7.21 of the City Charter, that sets forth certain audit specifications in "Exhibit A", attached thereto; and

WHEREAS, City staff now desires to revise the specifications on Exhibit A due to changes in auditing standards generally accepted in the United States of America that have become effective since May 23, 2000.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

THAT, Ordinance No. 14486 is hereby repealed and hereby replaced in its entirety and the audit specifications attached hereto as "Exhibit A" are approved by the City Council of the City of El Paso in accordance with Section 7.21 of the Charter of the City of El Paso.

PASSED AND APPROVED this _____ day of _____, 2009.

CITY OF EL PASO

John F. Cook
Mayor

ATTEST:

Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:

Bertha A. Ontiveros
Assistant City Attorney

APPROVED AS TO CONTENT:

Carmen Arrieta-Candelaria
Chief Financial Officer

ORDINANCE NO. _____

EXHIBIT A

The independent auditor(s) will perform the following service(s) and issue the appropriate report(s) and opinion(s) required by the American Institute of Certified Public Accountants (AICPA) and may place reliance on audit reports of other accountants as allowed by the AICPA:

- Audit the basic financial statements of the City in accordance with auditing standards generally accepted in the United States of America and, where applicable, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, State of Texas *Uniform Grant Management Standards*, issued by the Governor's Office of Budget and Planning and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (PFC Guide) in order to express an opinion on the conformity of the financial statements, in all material respect, with accounting principles generally accepted in the United States of America.
- Other reports and opinions, issued in accordance with auditing standards generally accepted in the United States of America include, but are not limited to:
 - A report on compliance based on the audit of the financial statements.
 - A report on internal control over financial reporting based on the audit of the financial statements.
 - An opinion on compliance, in all material respects, with the types of compliance requirements described in the *U.S. Office of Management and Budget Circular A-133 Compliance Supplement*.
 - A report on internal control over compliance based on the audit of compliance with the types of compliance requirements that are applicable to each major federal program.
 - A report on the schedule of expenditures of federal awards.
 - An opinion on compliance, in all material respects, with the types of compliance requirements described in the PFC Guide that are applicable to the passenger facility charge program (PFC Program).
 - A report on internal control over compliance based on the audit of compliance with the types of compliance requirements that are applicable to the PFC Program.
 - A report on the schedule of PFC Revenues and Disbursements.
 - A report on compliance with financial assurances required by the Texas Administrative Code (Title 30, Part 1, Chapter 37, Subchapter C) *Financial Assurance Mechanisms for Closure, Post Closure and Corrective Action*.
 - A report following standards established by the Federal Transit Administration (FTA) with regard to the data reported in the National Transit Database (NTD).
 - Any report or audit required by any contract, agreement or request by management, including debt instruments.

ORDINANCE NO. _____


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S E R V I C E S O L U T I O N S S U C C E S S



MEMORANDUM

TO: Legislative Review Committee

FROM: Carmen Arrieta-Candelaria
Chief Financial Officer 

DATE: April 27, 2009

RE: Agenda Item 4 – LRC Meeting of April 30, 2009

Attached is the backup for the agenda item listed as Item 4 – Discussion and Action regarding an Ordinance defining specifications for the yearly City Audit as prescribed by Article VII, "Public Finance", Section 7.21, "Independent Audit", of the City Charter.

Staff is proposing to update the specifications listed under Ordinance 014486, which was adopted on May 23, 2000, due to changes to auditing standards that have occurred since that date. If approved, Exhibit A of Ordinance 014486 will be replaced in its entirety with the changes listed in page 2 of the supporting documentation.

Staff will be on hand to answer any questions or concerns from members of the committee.

c: Bill Studer, Deputy City Manager
Frank Keton, Financial Accounting and Reporting Coordinator

Mayor
John F. Cook

City Council

District 1
Ann Morgan Lilly

District 2
Susannah M. Byr

District 3
Emma Acosta

District 4
Melina Castro

District 5
Rachel Quintana

District 6
Eddie Holguin Jr.

District 7
Steve Ortega

District 8
Beto O'Rourke

City Manager
Joyce A. Wilson

Discussion and action regarding an Ordinance defining specifications for the yearly City Audit as prescribed by Article VII, "Public Finance," Section 7.21, "Independent Audit," of the City Charter:

"As soon as practicable after the close of each fiscal year, an independent audit, in accordance with specifications defined by ordinance, shall be made of all accounts of the City by a certified public accountant selected by a majority of the Council. The accountant(s) shall have no substantial financial interest in the affairs of the City. The complete audit report must be available for public examination."

The independent auditor(s) will perform the following service(s) and issue the appropriate report(s) and opinion(s) required by the American Institute of Certified Public Accountants (AICPA) and may place reliance on audit reports of other accountants as allowed by the AICPA:

- Audit the basic financial statements of the City in accordance with auditing standards generally accepted in the United States of America and, where applicable, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, State of Texas *Uniform Grant Management Standards*, issued by the Governor's Office of Budget and Planning and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (PFC Guide) in order to express an opinion on the conformity of the financial statements, in all material respect, with accounting principles generally accepted in the United States of America.
- Other reports and opinions, issued in accordance with auditing standards generally accepted in the United States of America include, but are not limited to:
 - A report on compliance based on the audit of the financial statements.
 - A report on internal control over financial reporting based on the audit of the financial statements.
 - An opinion on compliance, in all material respects, with the types of compliance requirements described in the *U.S. Office of Management and Budget Circular A-133 Compliance Supplement*.
 - A report on internal control over compliance based on the audit of compliance with the types of compliance requirements that are applicable to each major federal program.
 - A report on the schedule of expenditures of federal awards.
 - An opinion on compliance, in all material respects, with the types of compliance requirements described in the PFC Guide that are applicable to the passenger facility charge program (PFC Program).
 - A report on internal control over compliance based on the audit of compliance with the types of compliance requirements that are applicable to the PFC Program.
 - A report on the schedule of PFC Revenues and Disbursements.
 - A report on compliance with financial assurances required by the Texas Administrative Code (Title 30, Part 1, Chapter 37, Subchapter C) *Financial Assurance Mechanisms for Closure, Post Closure and Corrective Action*.
 - A report following standards established by the Federal Transit Administration (FTA) with regard to the data reported in the National Transit Database (NTD).
 - Any report or audit required by any contract, agreement or request by management, including debt instruments.

014486

ORDINANCE NO. _____
AN ORDINANCE DEFINING SPECIFICATIONS FOR THE YEARLY CITY AUDIT AS
PRESCRIBED BY ARTICLE VII, "PUBLIC FINANCE", SECTION 7.21, "INDEPENDENT
AUDIT", OF THE CITY CHARTER.

WHEREAS, the City Charter of the City of El Paso requires an independent audit to be performed in accordance with specifications defined by ordinance; and

WHEREAS, the particulars of this ordinance give specifics for the yearly fiscal independent audit;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY
OF EL PASO:

That the audit specifications attached hereto as "Exhibit A" are approved by the City Council of the City of El Paso in accordance with Section 7.21 of the Charter of the City of El Paso.

APPROVED this 23rd day of May, 2000.

THE CITY OF EL PASO




Carlos M. Ramirez, P.E.
Mayor

ATTEST:



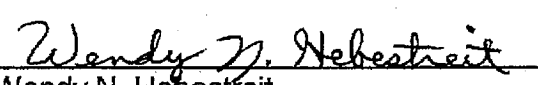
Carole Hunter
City Clerk

APPROVED AS TO FORM:



Myles S. Hall
Assistant City Attorney
Attachment

APPROVED AS TO CONTENT:



Wendy N. Hebestreit
Interim Comptroller

Exhibit A

The external auditors will perform the procedures and deliver the applicable opinion letters and reports per the following specifications:

1. A General Purpose Financial Statement audit in accordance with accepted governmental auditing standards as set by the American Institute of Certified Public Accountants, United States General Accounting Office, Governmental Accounting Standards Board, and the Government Finance Officers Association.
 - For the El Paso International Airport
 - For the City of El Paso
2. A Single Audit in compliance with applicable Federal OMB Circulars and the State of Texas Uniform Grant Management Standards.
3. An audit as required by the US Federal Register, "*Criteria For Municipal Solid Waste Landfills - Financial Assurance Criteria*".
4. An audit as required by the Federal Aviation Administration on the El Paso International Airport.
5. An audit as required by the Federal Transit Administration on Mass Transit operations.